

## Message Text

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ORIGIN EB-11

INFO OCT-01 NEA-10 ADP-00 SSO-00 NSCE-00 INRE-00 SS-15

NSC-10 L-03 CIAE-00 INR-10 NSAE-00 RSC-01 DODE-00

AID-20 COME-00 TRSE-00 SCEM-02 INT-08 EUR-25 OMB-01

/117 R

DRAFTED BY EB/ORF/FSE:GSBROWN:CJR

7/11/73 EXT 20753

APPROVED BY EB/ORF - MR. KATZ

NEA/PAB - MR. FLATEN (PHONE)

----- 056806

O R 112156Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY KABUL IMMEDIATE

INFO AMEMBASSY TEHRAN

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E.O. 11652 N/A

TAGS: ENRG

SUBJECT: RGA REQUEST FOR WORLD GAS PRICES

REF: KABUL 5095

1. INTERNATIONAL GAS SALES MARKET DOES NOT YET EXIST  
AND PRICES FOR INDIVIDUAL CONTRACTS HIGHLY DEPENDENT  
ON VARIABLES SUCH AS ALTERNATIVE MARKETS AND USES FOR  
GAS SUPPLIES, DISTANCE TO CONSUMING CENTERS, ETC.  
SOVIET-IRANIAN DEAL SEEMS TO US ONLY ONE PERTINENT TO  
AFGHAN SITUATION; EMBASSY TEHRAN'S REPORT ON CURRENT  
PRICES (WHICH WE UNDERSTAND TO BE ABOUT 20 CENTS PER  
MCF) AND DISCUSSIONS WITH SOVIETS WOULD BE USEFUL.  
GOI NOW BEGINNING TO DISCOVER ALTERNATIVE USES FOR  
GAS -- E.G. PETROCHEMICALS, LNG -- TO BE FEASIBLE AND  
CONSEQUENTLY UNHAPPY WITH CONTRACT PRICES WITH SOVIETS.

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2. FOR WHATEVER IT MAY BE WORTH, WE UNDERSTAND THAT

CURRENT GAS SALES IN EUROPE BEING MADE AT BORDER PRICES OF  
AROUND 40 CENTS PER THOUSAND CUBIC FEET TO THAT SUPPLY-  
HUNGRY AREA. NORTH AFRICAN LNG PROJECTS UNDER DISCUSSION  
INVOLVE FOB PRICE IN THIS SAME RANGE IN LATE 1970'S  
PERIOD, WITH PRICE IN MARKETPLACE APPROXIMATELY DOUBLE.  
WE DO NOT KNOW WHAT FOB PRICES BEING CONSIDERED FOR  
LNG PROJECTS IN PERSIAN GULF, BUT NOTE THAT IN MANY  
INSTANCES (AS FOR SOVIET LNG PROJECTS UNDER CONSIDERATION)

SUCH PROJECTS CAN ONLY MAKE ECONOMIC SENSE IF VERY LOW  
OR EVEN NEGATIVE VALUE ASCRIBED TO GAS AT WELLHEAD. WE  
DOUBT, HOWEVER, IF ANY OF THESE SALES PRICES HAVE  
RELEVANCE TO RGA-USSR SALE. U.S. INTERNAL PRICES,  
OR CANADIAN BORDER PRICES, EVEN LESS RELEVANT IN VIEW  
OF SPECIAL REGULATED NATURE OF U.S. MARKET. ROGERS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 JUL 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973STATE135662  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** GSBROWN:CJR  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
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**Handling Restrictions:** n/a  
**Image Path:**  
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**Line Count:** 76  
**Locator:** TEXT ON-LINE  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 73 KABUL 5095  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 DEC 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12-Dec-2001 by martinml>; APPROVED <28-Dec-2001 by morefirh>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** RGA REQUEST FOR WORLD GAS PRICES  
**TAGS:** ENRG  
**To:** KABUL  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005